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TAGS: KIPR ECON PREL AE
SUBJECT: INTELLECTUAL PROPERTY RIGHTS (IPR) CONSULTATIVE
TASK FORCE FORMED IN UAE TO COMBAT PIRACY PROBLEMS

REF: DUBAI 03360

Classified By: CLASSIFIED BY CDA MARTIN QUINN FOR REASONS 1.4 (b)&(d)

¶1. (C) Summary: On August 19, Econoffs attended a meeting
with The Arabian Anti-Piracy Alliance (AAA), the Ministry of
Economy and various intellectual property industry
stakeholders. The head of AAA, Scott Butler, briefed the
Ministry on a variety of intellectual property rights (IPR)
issues, including pirated compact discs, pay television,
interactive games and business software. Abdullah Al-Saleh,
U/S in the Ministry of Economy (MOE), along with Ali
Al-Baloushi, Director of International Works in the MOE,
represented the UAEG. Although the UAE overall has the
lowest software piracy rate in the Middle East and North
Africa, profit losses in the UAE due to piracy are 285
million USD each year. This negative impact on investment
stunts growth and undermines local creative development and
further investments, said Butler. He also noted that Dubai
is more proactive in combating piracy and that Abu Dhabi
needs to do more on IPR enforcement. As a result of Abu
Dhabi's comparatively lax enforcement, piracy problems are
actually worse in Abu Dhabi than in Dubai, and AAA urged the
Ministry to crack down on the violators. Both AAA and the
Ministry agreed to form a consultative task force to better
educate and empower UAE officials to combat piracy throughout
the UAE. End Summary.

Pay Television

¶2. (C) Butler said that illegal distribution of cable
television is widespread, especially in Abu Dhabi. He gave
the example of a UAE company, Bond Communications, "stealing"
cable from pay television providers such as Showtime and
Orbit. Butler said Bond Communications contracts with pay
television providers to provide cable to a certain number of
subscribers, but in reality provides cable to more than the
agreed number of subscribers and retains the excess profits.
Previously, all of Showtime's Middle East technical
operations were in the UAE. However, Showtime has recently
moved some of its company positions to Egypt as a result of
the growing problem of piracy in the UAE. AAA estimates a 38
million USD loss in the UAE pay television sector because of
piracy concerns, the majority of which are in Abu Dhabi.

Movies and Games

¶3. (U) Pirated DVD and game sales, as well as internet
piracy, are also areas of major concern to AAA. The number
of illegitimate outlets in Abu Dhabi selling pirated DVDs,
games and consoles exceeds the number of illegal outlets in

Dubai by more than fifty percent. Butler said because many
pirated goods are smuggled into the country, the UAEG is
losing 5 percent of the merchandise's value in import duties.
 SONY estimates that 80-85 percent of its PlayStation 2
software is pirated in the UAE, and further estimates that
lost sales for both pirated software and consoles is 94
million USD. Although piracy rates in the UAE are the lowest
in the region, game makers are losing money in the UAE due to
piracy. Due to these lost profits, companies are not able to
spend additional funds to modify games for the local market
by translating them into Arabic.

Business Software

¶4. (SBU) According to AAA, pirated business software is also
a problem in the UAE, particularly in Abu Dhabi. The UAE
currently has a thirty-four percent piracy rate in business
software. Decreasing this rate would add 350 million USD to
the economy, create 650 new jobs, and allow the internet
technology sector to grow 75 percent from 2004-2009 instead
of the projected 68 percent.

Proposed Measures to Combat Piracy

¶5. (SBU) AAA proposed several measures that the UAEG could
use to combat all types of piracy.

---   Empower experts in copyright enforcement, such as Mr.
Juma Alleem (a champion of IPR enforcement in Dubai), with
the authority to take independent action on IPR issues.

---   Establish an IPR task force comprised of the Ministry of
Economy, Police, Municipalities, Customs, AAA and industry
stakeholders, which would meet on a regular basis.

---   Train police departments, the Ministry of Interior and
the Ministry of Economy on IPR crimes.

---   Continue and increase investigations and prosecutions
against IPR violators.

---   Publicize the UAEG's actions against pirates.

---   Adopt World Intellectual Property Treaties, particularly
regarding internet and encryption technologies.

---   Create IPR awareness and incentive programs.

¶6. (C) In addition to the above-mentioned actions, AAA wants
the UAEG to conduct a government-endorsed audit of Bond
Communications, which AAA will finance. The purpose of this
audit is to identify the volume of illegally distributed pay
television signals, with the ultimate goal of using that
information to prosecute Bond. AAA has also pressed the UAEG
to continue raiding piracy "hot-spots" and to begin fining
business owners that allow pirates to sell fake goods in
their stores.

¶7. (C) U/S Abdullah Al-Saleh agreed to set up a consultative
task force that will bring together AAA, industry
stakeholders, and representatives of the appropriate UAE
authorities. He agreed that the group should meet "soon" so
that AAA can educate the various UAE officials involved in
IPR enforcement on the details of individual IPR concerns.
He also said the Ministry of Economy has a difficult time
combating piracy due to lack of budget for IPR programs.
(Note. Previously, the Ministry of Information and Culture,
dissolved in February 2006, not the Ministry of Economy,
handled IPR issues. End note.) Al-Saleh said the Ministry
is considering charging private stakeholders a fee in order

to finance the Ministry's IPR efforts. In addition, Al-Saleh
asked for IPR enforcement training. He described the
programs offered by MEPI and the USPTO as highly beneficial,
and hopes to have more UAE officials attend the upcoming
training sessions. He also said the UAEG wants to encourage
investment in the UAE and thus wants the UAE to be a "leader
in the region" in combating piracy. Butler observed that the
UAE is a regional leader with a very low piracy rate overall,
but he noted that AAA hopes Abu Dhabi will fix its existing
problems and become a better example for other countries to
follow.

Next Steps and Comment

¶8. (SBU) Having secured Al-Saleh's support for the idea of
forming a consultative IPR task force, AAA plans to arrange
individual meetings with representatives from each industry
with the task force. By presenting only one issue at a time,
individual stakeholders can present detailed information on
piracy specific to their industry. Each stakeholder will
also provide the task force with a list of objectives and a
timeline for action. Butler told Econoff after the meeting
that pay television will be the first stakeholder to present
a specific plan of action to the IPR task force, hopefully
within the next several months. Butler also said that
although various stakeholders have different concerns, all
stakeholders agree that anyone found guilty of IPR violations
should be criminally prosecuted.

¶9. (C) Comment. Although U/S Al-Saleh supports the idea of
greater IPR enforcement, the Ministry of Economy currently
has neither the manpower nor the resources to effectively
enforce intellectual property rights or to prosecute pirates.
 Other ministries -) including the Abu Dhabi Police -- have
told AAA (and Emboff) that they do not consider combating
piracy a priority. Thus, the greatest challenges for the U/S
will be: (1) to convince other UAEG players of the importance
of combating piracy and (2) to empower them with the
authority to do so.
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